



Placer County REDEVELOPMENT AGENCY

Business Improvement Program *Forgivable Façade Loans*

Introduction:

Placer County's business improvement program (BIP) has been established to assist business and property owners within designated redevelopment business districts in Placer County. The program provides forgivable loans to business and real estate projects that will improve the physical appearance of property located within these areas.

Purpose and Objective:

The forgivable loans are designed to provide no more than 50% of the total project costs. The loan funds are targeted to businesses and projects that have the greatest potential for improving the physical appearance and economic opportunities in each of the following redevelopment program areas:

- ❖ Bowman/I-80 Commercial District
- ❖ Kings Beach/Tahoe Vista Business District
- ❖ North Auburn/Hwy 49 Commercial District
- ❖ Sunset Business District
- ❖ Tahoe City Business District.

The program will provide forgivable loan funds for:

- ❖ Real Property Rehabilitation
- ❖ Development Fees
- ❖ Remodeling
- ❖ Expansion
- ❖ Architectural and Engineering Services
- ❖ Other Site Improvements on a Case-by-Case Basis

Loan Amounts: \$500 to \$15,000

Loan Terms: Up to 10 years

Interest Rate: Prime +. However the interest rates will be determined on a case by case basis and the final interest rate will be determined by the Placer County Loan Advisory Board.

Processing Fee: None, borrower will pay for any direct costs

Prepayment Penalty: None

Deferral of Payments: None

Collateral Requirements: All BIP loans shall be secured by the property to be improved and by personal guarantees of the borrower(s). No unsecured loans shall be made. Other types of collateral may include deeds of trust on other real property.

Redevelopment Benefits:

The following elements are critical in the program:

- ❖ Physical and/or economic improvements to the district
- ❖ Loans must meet underwriting criteria
- ❖ Projects must conform to applicable Placer County Redevelopment Plans, redevelopment and economic development strategies, and Placer County Codes and Ordinances
- ❖ Loan terms and conditions will be structured to meet the financial needs of individual business or property owners.

Leveraging:

One private dollar for equity and/or debt for every one BIP dollar lent. A private dollar can be either a loan or owners equity. Owners equity can be cash, land, or loan funds from lending institution. Land is counted only for construction projects.

Terms of Forgiveness:

Principal amount will only be forgiven if the business owner continues to maintain property pursuant to the loan documents, and does not sell the business property for five years from the date of loan note. The loan obligation will be forgiven in equal amounts for the 2nd half of the loan term (e.g., on a 10-year loan, 20% of the loan will be forgiven for year 6 through 10 if the property is adequately maintained).

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